

Contact Officer: Nicola Sylvester

## KIRKLEES COUNCIL

### CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Friday 19th January 2024**

Present: Councillor James Homewood (Chair)  
Councillor Yusra Hussain  
Councillor Melanie Stephen  
Councillor John Taylor  
Councillor Kath Pinnock  
Councillor Mohan Sokhal  
Chris Jones (Independent Member)

In attendance: Steve Mawson, Chief Executive  
Rachel Spencer-Henshall, Strategic Director, Corporate Strategy  
Tom Brailsford, Strategic Director, Children and Families  
Julie Muscroft, Service Director, Legal Governance and Commissioning  
Leigh Webb, Head of Governance  
James Anderson, Head of Accountancy (Virtual)  
Martin Dearnley, Head of Risk  
Rachel Firth, Finance Manager  
Alice Carruthers, Senior Finance Officer  
Thomas Foster, Grant Thornton (Virtual)  
Aaron Gouldman, Grant Thornton  
Councillor Elizabeth Smaje (Ex-Officio) (Virtually)  
Councillor Graham Turner (Ex-Officio)

Apologies: Councillor Naheed Mather  
Councillor Harry McCarthy

#### **1 Membership of the Committee**

Apologies for absence were received on behalf of Councillor Naheed Mather and Councillor Harry McCarthy.

Councillor Mohan Sokhal substituted on behalf of Councillor Harry McCarthy.

#### **2 Minutes of Previous Meeting**

**RESOLVED:** That the minutes of the meeting held on 24<sup>th</sup> November 2023 be approved as a correct record.

#### **3 Declaration of Interests**

No Interests were declared.

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### **4 Admission of the Public**

It was noted that Agenda items 13 and 14 would be considered in private session.

### **5 Deputations/Petitions**

There were no deputations or petitions received.

### **6 Public Question Time**

No public questions were asked.

### **7 Auditors Annual Report 2022/23**

The Committee received the Annual Value for Money Report from the Council's Auditors, Grant Thornton, for the year 2022/23.

The report set out a summary of the work of the Auditor's with specific regard to financial sustainability, governance and improving economy, efficiency, and effectiveness of the Council. It was reported that significant weakness had been identified in respect of financial sustainability and that the work of the auditor's had identified a risk in the short and medium term with a challenging savings plan currently being developed to enable the Council to set a balanced budget for 2024/25. The report acknowledged that the Council's financial position had worsened during 2023/24, with ongoing cost pressures in areas such as social care, transport, and housing. In addition, the revised medium term financial plan had increased the funding gap that had to be overcome in setting the budget for 2024/25. As the auditors issued their key recommendation in July 2023, it was appropriate to note that the significant weakness in financial sustainability identified at that point remained in place for the current year to which this audit relates (2022/23) and continues in the current year.

The Strategic Director for Children and families explained that the Dedicated Schools Grant (DSG) deficit which had started to build up in 2014, was in regard to the change to the Children and Family Act which give parents the right to request an Educational Health and Care Plan. The change was not funded for Local Authorities' which meant a historical deficit had built up. The Department for Education was working with Local Authorities on delivering better value and the safety valve programme to reduce or write off the deficit.

During consideration of this item, the Committee raised concerns regarding the sharing of information with Committee members, the culture of staff understanding the importance of making savings and working differently with Communities. In response to the issues raised, the Chief Executive advised that consideration would be given to how information could be provided to the Committee without duplicating the work of Scrutiny. With regards to the spending freeze, systems were in place with checks being carried out, and discussions were underway with teams and managers on priorities of the business to make savings. It was observed that the Council needed to change their culture in working with communities to save money.

The Committee sought assurance from the external auditors on how confident they felt that the Council were on track with addressing the significant financial challenges due to the continuing overspend in all areas. Grant Thornton advised that the overspends were relating to 2022/23 financial year and were due to budget,

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decisions and pressures that pre-existed the current set of arrangements. It was noted there were measures and arrangements in place to limit overspending in the future.

The Committee noted that this was the last meeting to be attended by Mr Gouldman who was leaving Grant Thornton and thanked him for all the work he had produced and wished him well for the future.

**RESOLVED** - That the report be received and noted.

### **8 Treasury Management Strategy and Investment Strategy 2024/25**

The Committee received the Treasury Management Strategy 2024/2025 and associated appendices, in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on treasury management. The report provided information regarding (i) the outlook for interest rates and credit risk, and a recommended investment strategy (ii) the current and estimated future levels of Council borrowing (internal and external) and a recommended borrowing strategy (iii) methodologies adopted for providing for the repayment of debt and a recommended policy for calculating minimum revenue provision (iv) other treasury management matters including the policy on the use of financial derivatives, prudential indicators, the use of consultants and the policy on charging interest to the housing revenue account and (v) recommended an annual investment strategy(Non-Treasury Investment) for the Council in 2024/25.

The Committee was advised that the report and recommendations were to be submitted to Cabinet on 13 February 2024 and Council on 6 March 2024.

**RESOLVED** - That the Treasury Management Strategy 2024/25 incorporating (i) the borrowing strategy, (ii) the investment strategy, (iii) the policy for provision of repayment of debt (Minimum Revenue Provision) (iv) the treasury management prudential indicators and (v) the investment strategy (non-treasury investments) be referred to Cabinet on 13 February 2024 and the meeting of council on 6 March 2024.

### **9 Dates of Council Meetings - 2024/25 Municipal Year (Reference to Council)**

The Committee received a report which set out a provisional schedule of Council meeting dates for the 2024-2025 municipal year. The date of 13<sup>th</sup> November 2024 had been identified for the West Yorkshire Mayor to attend Council.

The Committee voiced concerns that there would be no planned meetings between February 2025 and July 2025 apart from the meetings solely for consideration of the Budget and the AGM.

**RESOLVED –**

- 1) That the schedule of Council meetings for the 2024-25 municipal year be submitted to the meeting of Council on 7 February 2024 with a recommendation of approval,
- 2) That Lead Members be asked to consider a meeting of Council between February and July 2025.

**10 Risk Management Annual Report 2023/24**

The Committee received a report which provided information on the Council's strategy for Risk Management and its governance arrangements to deliver in line with the approved strategy, and to outline priority actions for development during 2024-25.

The Accounts and Audit Regulations 2015 required that a relevant authority must ensure that it had a sound system of internal control which i) facilitated the effective exercise of its functions and the achievement of its aims and objectives, ii) ensured that the financial and operational management of the authority was effective, and iii) included effective arrangements for the management of risk.

The report explained that robust risk management was a central feature of good governance and the Council's approach to risk management had built on the success of the previous year with proactive risk management continuing. Although significant progress had been made, there remained a level of inconsistency in the extent that risk management was embedded within the day-to-day operations and the culture of the council. It was still necessary to drive greater improvements which needed to be both realistic and proportionate as set out in the report.

During consideration of this item, the Committee asked questions on how the risk framework was used at a strategic level, what happened if a risk remained unchanged for 12 months, and how the framework was used to inform decision making. It was noted that there was a risk assessment matrix that informed the scoring of all risks. Unchanged scores were something that were to be looked into, with a formal review forced for high rated risks, and that all controls for risk should remain the same, even when the outcome was different. The Committee also recommended that risks, controls, and actions were to be split out in future reports.

**RESOLVED-**

- 1) That the report be received and noted
- 2) That the committee be content with the risk management process as described, and currently operated.

**11 Quarterly Report of Internal Audit Q3 2023/24**

The Committee received a report relating to the internal audit work in quarter 3 of 2023/24.

The report set out the work of Internal Audit completed October to December 2023, including the remainder of work relating to the previous year's plan, along with that for the current year approved at the April 2023 and September 2023 meetings. All work had reached a finalised state. Except where shown otherwise, management had accepted the findings and agreed to implement/investigate the recommendations. A number of audits were awaiting finalisation and were to be reported in the next quarter.

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### **RESOLVED-**

- 1) That the Internal Audit Quarterly Report be noted and that no further action was sought on any matter identified.
- 2) That it be noted that there has been no Regulation of Investigatory Powers Act activity during the period quarter 3 2023/24.

### **12 Exclusion of the Public**

**RESOLVED** – That acting under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act, as specifically stated in the undermentioned minutes.

### **13 Risk Management Annual Report 2023/24**

The Committee noted the exempt information, which was an appendix to agenda item 10.

### **14 Quarterly Report of Internal Audit Q3 2023/24**

The Committee noted the exempt information, which was an appendix to agenda item 11.